

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF VERMONT

ALICE H. ALLEN, et al.,

Plaintiffs,

v.

DAIRY FARMERS OF AMERICA, INC.,  
DAIRY MARKETING SERVICES, LLC,  
and DEAN FOODS COMPANY,

Defendants.

Civil Action No. 5:09-CV-00230

**DECLARATION OF CLARK HINSDALE III IN SUPPORT OF MOTION TO  
INTERVENE AND OBJECTION TO APPROVAL OF PROPOSED SETTLEMENT**

I, Clark Hinsdale III, make the following declaration based upon personal knowledge of the matters set forth here.

1. I am the managing partner of Nordic Holsteins, LLC ("Nordic"), which owns and operates a dairy farm in Charlotte, Vermont. Nordic is a family partnership that includes my brother and sister.

2. The land on which Nordic sits belonged to my family dating back to the late 1800s or early 1900s. It was sold out of the family and my father and I repurchased the property in 2000. Prior to 2000, my family and I farmed 3 smaller farms in East Charlotte, Vermont.

3. Today, we milk approximately 300 cows and have approximately 650 total livestock. We farm 609 acres of land in Charlotte on the Nordic property which sits along side Route 7, a major thoroughfare. All of the milking takes place at the Nordic property. We farm another 1,000 acres on farms in East Charlotte.

*Clark Hinsdale III*

4. Our farm produces approximately 6,800,000 lbs of milk per year. Our milk is picked up every other day and is pooled in Federal Order 1.

5. We raise our own cows and supply the majority of our forage needs.

6. Our farm is a member of the Dairy Farmers of America Cooperative ("DFA") and has been since it was formed in 1998. Previously, we were members of another coop which merged into DFA. We have never been independent producers.

7. I am the President of the Vermont Farm Bureau and a former member of the American Farm Bureau board from 2001 to 2005. The Farm Bureaus are similar to a trade group and support the farming industry through lobbying and other initiatives. There are approximately 3,300 members of the Vermont Farm Bureau. The national bureau has approximately 6 million members with a \$25 million annual budget. Our mission is to improve farm income and the rural quality of life.

8. I prefer to be in a coop for three reasons. First, I believe that it is important of dairy farmers to work together to achieve the best possible results when dealing with milk processors. Dairy farmers have worked hard to create the coops and the partnership with Dairy Marketing Services, LLC ("DMS") to negotiate better prices for farmers and work together to reduce the costs of hauling and marketing milk, all of which I believe has resulted in more money for dairy farmers. Coops exist to negotiate premiums above the minimum required price established by the Federal Market Order. Historically, consolidation in the dairy farming industry has lagged behind consolidation of the processing and retailing side. That lag put farmers at a disadvantage when dealing with handlers and processors. Pooling our resources through coops and DMS helps level the playing field.

9. Second, coops provide certainty that we will have a market for our milk. In particular, DFA (and other coops) along with DMS provide a valuable balancing service for

farmers by finding buyers for our milk and shipping the milk to various buyers depending on need. Without this balancing, farmers would be forced to find buyers on their own and risk not having a market for their milk, or having to lower prices to find a customer when milk is oversupplied. By way of example, for a period of time all of our milk was being shipped, through our coop, to a cheese plant very close to our farm. I often wondered if we could do better by getting out of the coop and dealing directly with the plant. I soon learned the value of being in a coop when the cheese plant was destroyed by fire. If we were not in a coop, we would have lost a home for our milk and potentially suffered severe financial hardship. Being part of a coop dramatically reduces our risk.

10. Third, coops provide valuable services to farmers to help with all aspects of farm operations, including field services, quality improvement, insurance, and financial services. Coops also hire professionals to market our milk.

11. I am very confident that DFA and other coops are acting in the best interest of their member farmers and that coops have resulted in better financial results for the farmers.

12. I have read Dean's Proposed Settlement with the Plaintiffs in this lawsuit and I feel strongly that this is a bad deal for all farmers, and in particular for farmers who market their milk through coops and DMS. This deal essentially allows Dean to pit farmer against farmer, and undo what DFA and others have worked hard to secure, and to give the milk handlers and processors leverage over the dairy farmers.

13. The settlement does not guarantee a better price for milk. To the contrary, the coops will be forced to find new buyers for up to 60 million pounds of raw milk a month and there is great uncertainty about what those terms will be. In addition, I believe that the price paid to all farmers will be lower because Dean will use this opportunity to lower the price it pays for

the 60 million pounds and then demand that DFA lower its contracted prices. Overall, this change in the market could disrupt contractual relationships and weaken the coops.

14. Regardless of whether any farmer chooses to participate in the settlement or not, they will be exposed to this market risk and suffer the consequences of any negative impacts.

15. The monetary payment proposed by Dean does not come close to compensating farmers for the harm that would be done by allowing Dean to undercut farmers working together. I understand that Plaintiffs say an "average farmer" will get about \$2500 from the Proposed Settlement. I don't know how they figured that, and in my estimation the amount would be closer to \$1800. Regardless, a price decline of only a few cents would quickly diminish this payment. On our farm, a price decline of only 5¢ cwt (less than 1% of the current price) would result in a loss of \$3400 in revenue for the year.

16. This proposed deal could also hurts DFA, which in turn hurts its members who all have an equity stake in DFA. As a member we receive an annual dividend on the DFA profits. This dividend is revenue that we need and count on. This just adds to the ways we stand to lose from this deal.

17. This deal was not negotiated by anyone who represents my interests. This is not a good deal for dairy farmers, and particularly those who belong to coops and market their milk through DMS. This deal does nothing but start taking apart what we worked hard to establish and thereby lower the prices paid to farmers and weaken the coops. I know that I am not alone in my belief that this deal is bad for farmers. I have spoken with many members of the Vermont and American Farm Bureaus who agree with me.

*[signature on following page]*

*AMH III*

I declare under penalty of perjury that the foregoing is true and correct and that this Declaration was executed on January, 18, 2011, in Charlotte VT.

  
Clark Hinsdale III